



**IMPACT OF INTEREST RATE ON COMMERCIAL BANK
PROFITABILITY IN MALAYSIA**

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**BACHELOR OF BUSINESS ADMINISTRATION
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FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR.**

DECEMBER 2016

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**Submitted in Partial Fulfillment
of the Requirement for the
Bachelor of Business Administration (Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
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DECEMBER 2016



**BACHELOR OF BUSINESS ADMINISTRATION WITH
HONOURS (FINANCE)**

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

“DECLARATION OF ORIGINAL WORK

I am, NUR IYLIA AZIRA BINTI MOHD ISA 930215-01-5690

Hereby, declare that:

- ✓ This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
- ✓ This project-paper is the result of my independent work and investigation, except where otherwise stated.
- ✓ All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____

Date: _____

LETTER OF SUBMISSION

5th JANUARY 2017

Miss Nor Haliza binti Hamzah
Sir Syamsyul bin Samsudin
Faculty of Business Management
Universiti Teknologi MARA
85009 Segamat
Johor Darul Takzim

Dear Miss Haliza and Sir Syamsyul,
SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “**IMPACT OF THE INTEREST RATE ON COMMERCIAL BANK PROFITABILITY IN MALAYSIA**” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.
Thank you.

Yours sincerely,

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NUR IYLIA AZIRA BINTI MOHD ISA
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ABSTRACT

The main objective of this study is to examine the impact of interest rate on commercial bank profitability in Malaysia. From this study, there are three variables on commercial banks profitability. These variables namely net interest margin, fixed rate and interest on customer deposits. All these variables are called as independent variables. The dependent variable is return on assets.

The data was analysed using panel data and this project paper had been tested for several statistics. The selected bank will be Affin Bank Berhad, CIMB Bank Berhad, HSBC Bank Malaysia Berhad, Malayan Banking Berhad, OCBC Bank (Malaysia) Berhad, Public Bank Berhad, United Overseas Bank (Malaysia) Bhd., and RHB Bank Berhad. These findings have proven that these three of independent variables are significant with dependent variable. This study also comes out several conclusion and recommendation for future research.

From this research, we can say that when interest rate is increase, the net interest margin also will increase. Both of these factors are positive correlation with each other. Other than used net interest margin, fixed rate and interest on customer deposits, researcher also can used others factor such as net interest income, return on equity, loans and others. Some of the result will show the significant and normality, meanwhile for the others, might not show the significant.